

Message Text

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ORIGIN EUR-12

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TO USMISSION USNATO IMMEDIATE
INFO ALL NATO CAPITALS PRIORITY

C O N F I D E N T I A L STATE 303627

E.O. 11652: GDS

TAGS: NATO, MPOL

SUBJECT: TRANSATLANTIC DIALOGUE

REFS: A. USNATO 12204
B. STATE 287619

1. WE ARE ENCOURAGED BY THE IEPG STATEMENT OF DEC 2
AND ADMIRAL MAININI'S ELABORATION ON IT. TOGETHER THEY
SHOW WHAT SHOULD BE SUFFICIENT FLEXIBILITY ON ADAPTATION
OF CNAD AS A FORUM FOR THE TRANSATLANTIC DIALOGUE (TAD),
A FLEXIBILITY THAT WE HOPE THEY WILL MATCH AS REGARDS THE
DIALOGUE'S UNDERLYING OBJECTIVES AND AGENDA. THE BASIC
US REQUIREMENTS IN ORGANIZING THE TAD REMAIN THE SAME:
TO CLARIFY UNDERLYING OBJECTIVES, TO BROADEN THE AGENDA,
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AND TO DEVELOP ADEQUATE MACHINERY TO COPE WITH THE AGENDA
BEFORE US.

2. WE BELIEVE THAT WE SHOULD MOVE AT A PACE THAT THE
IEPG WOULD BE COMFORTABLE WITH. THIS MAY MEAN THAT
JANUARY WILL BE TAKEN UP WITH DISCUSSION OF THE
ORGANIZATIONAL QUESTIONS OF OBJECTIVES, AGENDA, AND FORUM.
THE FIRST DETAILED SUBSTANTIVE DISCUSSIONS MAY THEN NOT
BE POSSIBLE UNTIL FEBRUARY OR EVEN MARCH. THIS PACE SEEMS

PRUDENT IN LIGHT OF THE IEPG'S CUMBERSOME CONSULTATIVE PROCEDURES, AND OF THE IMPENDING FRENCH ELECTIONS. IN ADDITION, MORE CAREFUL ORGANIZATION OF THE DIALOGUE AT THE OUTSET SHOULD PAY OFF IN TERMS OF FEWER BASIC PROBLEMS WHEN WE BEGIN DETAILED WORK ON AGENDA ITEMS. WE ARE NOT FEARFUL THAT SPRING SUMMIT'S NEED FOR DEMONSTRATED PROGRESS REQUIRES THAT WE RUSH INTO DETAILED SUBSTANTIVE WORK -- THE BEGINNING OF THE DIALOGUE ON A SOUND BASIS IN ITSELF REPRESENTS A RESPECTABLE ACHIEVEMENT AS REGARDS THE SPRING SUMMIT.

3. THE FOLLOWING ARE OUR THOUGHTS AT THIS POINT ON THE ORGANIZATIONAL QUESTIONS OF OBJECTIVES, AGENDA, AND FORUM:

A. OBJECTIVES. THE US AND CANADA BELIEVE THAT THE TAD SHOULD TACKLE FUNDAMENTAL POLITICAL AND ECONOMIC PROBLEMS, THE SOLUTION OF WHICH WOULD LEAD TO THE GOAL OF A MORE BALANCED TRADE IN DEFENSE EQUIPMENT BETWEEN THE TWO SIDES OF THE ALLIANCE, AND SHOULD NOT SEEK ONLY A QUICK-FIX INCREASE IN US PURCHASE OF EUROPEAN DEFENSE GOODS. WE BELIEVE, AS THE PRESIDENT STATED TO LAST MAY'S NATO SUMMIT, THAT THE UNDERLYING OBJECTIVES FOR THE DIALOGUE

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SHOULD BE TO STRENGTHEN THE ALLIANCE MILITARILY THROUGH THE REDUCTION OF WASTE AND DUPLICATION BETWEEN NATIONAL PROGRAMS, STRENGTHEN THE ALLIANCE POLITICALLY BY ELIMINATING DISPUTES OVER WHERE TO BUY DEFENSE EQUIPMENT, PROVIDE EACH OF OUR COUNTRIES AN OPPORTUNITY TO DEVELOP, PRODUCE AND SELL COMPETITIVE DEFENSE EQUIPMENT, AND MAINTAIN TECHNOLOGICAL EXCELLENCE.

GIVEN THIS POSSIBLE DIVERGENCE OF AIMS, WE BELIEVE WE SHOULD BEGIN THE SUBSTANTIVE DISCUSSIONS IN THE TAD WITH AN EXPLORATION OF COMMON OBJECTIVES, BUT SHOULD NOT INSIST ON ACHIEVEMENT OF COMPLETE CONGRUITY OF OBJECTIVES BETWEEN THE TWO SIDES OF THE ATLANTIC. TO THE EXTENT WE CAN AGREE, SO MUCH THE BETTER. BUT THE TAD COULD ALSO PROCEED EVEN IF COMPLETE AGREEMENT WERE NOT POSSIBLE, AT LEAST AT THE OUTSET. WHAT WE BELIEVE IS ESSENTIAL IS THAT BOTH SIDES UNDERSTAND EACH OTHER'S UNDERLYING OBJECTIVES, SINCE THIS SHOULD HELP CLARIFY SOME OF THE INEVITABLE DIVERGENCES ON PARTICULAR AGENDA ITEMS IN THE COURSE OF THE DIALOGUE.

B. AGENDA. AS WE STATED IN OUR TALKING POINTS FOR THE DEC 2 MEETING (REF B), WE ARE INCLINED TO ADAPT THE IEPG'S PROPOSED AGENDA TO REFLECT THE MORE BASIC CHARACTER OF THE DIALOGUE, AND TO MAKE CLEAR THAT WE WANT TO DISCUSS THESE ITEMS ALSO IN TERMS OF THE UNDERLYING ECONOMIC, POLITICAL, AND LEGAL ISSUES, NOT JUST

IN TERMS OF ANOTHER ROUND IN DEFENSE PROCUREMENT. WE PRESENTLY ARE CONSIDERING HOW TO GO ABOUT BROADENING THE AGENDA. SOME OF THE QUESTIONS WE MIGHT WISH TO RAISE ARE (1) TO INTERPRET TERMS IN THE IEPG'S PROPOSED AGENDA

SUCH AS "OBSTACLES" IN ITEM 1 TO INCLUDE THE EUROPEAN RECIPROCAL OF THE NORTH AMERICAN TRADE BARRIERS THE IEPG WANTS TO FOCUS ON (WHICH LEADS TO THE QUESTION OF WHY ALL NATIONS IMPOSE BARRIERS), AND (2) THE HIGH COST OF CONFIDENTIAL

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EUROPEAN DEFENSE EQUIPMENT (WHICH LEADS TO THE QUESTION OF RATIONALIZING EUROPEAN DEFENSE INDUSTRY).

C. CNAD FORUM. WE WANT TO TEST WITH THE IEPG THE POSSIBILITY THAT WE WOULD CONSTITUTE A STEERING GROUP IN THE CNAD CONSISTING OF THE IEPG'S NEW AD HOC WORKING GROUP (AHWG) PLUS US AND CANADIAN REPRESENTATIVES (AT THE DCM OR DEFENSE ADVISER LEVEL). THIS IN EFFECT WOULD GO BACK TO THE PROPOSAL WHICH FRG NAD EBERHARD PUT FORWARD AT THE OCTOBER 26 CNAD MEETING. THE IEPG DECEMBER 2ND STATEMENT SEEMED TO PUT THIS IDEA ASIDE ON THE GROUNDS THAT "DISCUSSIONS ON THE FOUR SELECTED ITEMS TAKE PLACE, WHERE POSSIBLE, IN THE EXISTING CNAD BODIES." A STEERING GROUP SUCH AS WE PROPOSE WOULD BE ADEQUATE TO THE ORGANIZATIONAL QUESTIONS OF OBJECTIVES, AGENDA, AND FORUM. WE MAY WANT TO CONSIDER FURTHER ITS COMPOSITION AS REGARDS THE POLICY DIRECTION IT WOULD GIVE CNAD TECHNICAL PANELS AS THEY BEGIN DETAILED WORK ON EACH OF THE AGENDA ITEMS.

AS A FALL-BACK, WE COULD USE THE NADREP FORUM, AS LONG AS IT IS REINFORCED BY DCM'S OR DEFENSE ADVISERS -- WHO COULD ALTERNATE ACCORDING TO THE NEEDS OF THE SUBSTANTIVE DISCUSSIONS AT HAND.

UNDER EITHER OF THESE ALTERNATIVES, WE COULD HAVE REPRESENTATIVES FROM CAPITALS JOIN THE SENIOR-LEVEL GROUP WHENEVER USEFUL.

4. THE TEXT OF THE US WRITTEN RESPONSE TO THE IEPG DECEMBER 2ND STATEMENT FOLLOWS. WE HAVE COORDINATED THIS WITH THE CANADIANS, AS THEY HAVE WITH US THEIR LESS DETAILED RESPONSE. WE HAVE AGREED WITH OTTAWA THAT WE CONFIDENTIAL

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BOTH WOULD ASK THE ITALIAN MISSION TO NATO TO FORWARD OUR RESPONSES TO ADMIRAL MAININI AS CHAIRMAN OF THE IEPG. THE MISSION SHOULD ALSO ASK JOHN WALSH AS CNAD CHAIRMAN TO DISTRIBUTE THE RESPONSE TO OTHER CONCERNED NATO

OFFICIALS. (A FULLER REPORT OF OUR RECENT BILATERAL CONSULTATIONS WITH CANADIAN OFFICIALS IS CONTAINED SEPTEL.)

BEGIN TEXT.

ADMIRAL MAININI
CHAIRMAN, INDEPENDENT EUROPEAN PROGRAM GROUP

DEAR ADMIRAL MAININI:

WE ARE ENCOURAGED BY THE INDEPENDENT EUROPEAN PROGRAM GROUP'S STATEMENT OF DECEMBER 2ND, AND ARE STUDYING YOUR PROPOSALS FOR THE TRANSATLANTIC DIALOGUE.

THE UNITED STATES ATTACHES THE GREATEST IMPORTANCE TO THIS DIALOGUE AS A MEANS FOR IMPROVING ALLIANCE COOPERATION IN THE RESEARCH, DEVELOPMENT, PRODUCTION, AND PROCUREMENT OF ARMAMENTS. WE CAN AGREE WITH THE IEPG THAT THE ALLIES SHOULD REMAIN FLEXIBLE AS TO HOW THE DIALOGUE IS CONDUCTED, AND THAT WE SHOULD ADAPT THE CNAD MACHINERY TO MOVE THE DIALOGUE FORWARD. LIKEWISE, WE ARE CONVINCED THAT IT IS IMPORTANT THAT THE DIALOGUE'S MOMENTUM SHOULD BE MAINTAINED.

AT THE SAME TIME, WE BELIEVE IT USEFUL TO EXPRESS OUR VIEWS AS TO THE ESSENTIAL PURPOSE OF THE DIALOGUE. IN THE UNITED STATES' VIEW, THE DIALOGUE SHOULD BE BASED IN SEVERAL SHARED OBJECTIVES -- TO STRENGTHEN THE ALLIANCE POLITICALLY BY ELIMINATING DISPUTES OVER WHERE TO BUY DEFENSE EQUIPMENT, TO PROVIDE EACH OF OUR COUNTRIES AN OPPORTUNITY TO DEVELOP, PRODUCE AND SELL COMPETITIVE
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DEFENSE EQUIPMENT , AND TO MAINTAIN AND SHARE TECHNOLOGICAL EXCELLENCE.

AS REGARDS THE PROPOSED AGENDA, OUR PRINCIPAL INTEREST -- WHICH PROCEEDS FROM THE OBJECTIVES JUST OUTLINED -- IS THAT THE AGENDA SHOULD FOCUS ALSO ON THE UNDERLYING OBSTACLES TO IMPROVED COOPERATION, AND NOT JUST ON THE MORE APPARENT MANIFESTATIONS OF THOSE OBSTACLES. WE ALSO BELIEVE THAT THOSE UNDERLYING OBSTACLES -- MANY OF A POLITICAL AND ECONOMIC CHARACTER -- ARE PREVALENT TO A VARYING DEGREE IN ALL MEMBER STATES OF THE ALLIANCE. THUS, IN ORDER TO HAVE A GENUINE DIALOGUE, WE SHOULD ALSO ADDRESS SUCH ISSUES IN ORDER TO REMOVE THE STRUCTURAL PROBLEMS WHICH WILL OTHERWISE CONTINUE TO INHIBIT GREATER COOPERATION, AS WELL AS TO TAKE ADVANTAGE OF THOSE OPPORTUNITIES THAT ALREADY EXIST. IN THE NEAR FUTURE, WE WILL BE SUGGESTING SOME SPECIFIC ITEMS IN FIELDS SUCH AS THE REMOVAL OF RESTRAINTS TO MARKET

ACCESSIBILITY ON BOTH SIDES OF THE ATLANTIC, COOPERATION
BETWEEN INDUSTRIES IN EUROPE AND

NORTH AMERICA, RATIONALIZATION OF RESEARCH AND DEVELOPMENT,
TECHNOLOGY TRANSFER, AND COMPETITIVE PROCUREMENT PRACTICES.
WE WANT TO REAFFIRM AT THIS TIME, HOWEVER, THAT
WE ARE SEEKING INCREASED OPPORTUNITIES TO BUY
EUROPEAN DEFENSE EQUIPMENT, AND THAT WE ARE PREPARED TO
DISCUSS THIS MATTER IN THE CONTEXT OF THE DIALOGUE.

AS TO THE MEANS OF CONDUCTING A DIALOGUE, WE AGREE WITH
YOUR VIEW THAT THE DISCUSSIONS OF AGENDA ITEMS SHOULD
TAKE PLACE, WHENEVER POSSIBLE, IN EXISTING CNAD BODIES.
MANY OF THE ISSUES WE BOTH HAVE IN MIND COULD BE HANDLED
EFFECTIVELY IN DETAIL IN EXISTING CNAD TECHNICAL PANELS.
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THE BROAD POLITICAL AND ECONOMIC NATURE OF SOME OF THESE
TOPICS, HOWEVER, REQUIRES POLICY DISCUSSIONS AND GUIDANCE
AT A MORE SENIOR LEVEL. WE WOULD WELCOME AN OPPORTUNITY
TO DISCUSS THIS MATTER WITH THE AD HOC WORKING GROUP OF
THE IEPG.

WE LOOK FORWARD TO YOUR RESPONSES ON THESE MATTERS.

END TEXT. VANCE

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